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Complaint Management and Cross Cultural Differences

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ABSTRACT

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This study aims to create an understanding of the relation between different behavior in the handling of complaints in different countries. This content analysis is the final thesis of my business economics studies at Vaasa University of Applied Sciences and it was conducted with 18 respondents to my interview questions.

In order to understand the importance of handling complaints in a quick and satisfying manner companies need to understand the advantage of keeping customer loyal instead of searching for new customers all the time.

In the theoretical part of the study the importance of service culture in the company as well as the importance of building good customer relationships was discussed. Service quality and service recovery tools were also defined.

In the findings the overall picture of service in Finland was positive. A lot of people think that service in Finland is better than in their home country. People have experienced bad service but are mainly convinced that this could happen in their home country as well.

Keywords: COMPLAINT MANAGEMENT, SERVICE RECOVERY,
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Tämän tutkimustyö pyrkii selittämään eri maiden eroja valittamiskulttuurissa. Tämä työ on lopputyöni Vaasan ammattikorkeakoulun International Business-koulutusohjelmassa ja se on koottu 18 henkilön vastuksista. Yrityksen on tärkeää ymmärtää, että asiakkaan valitukset tulee hoitaa nopeasti ja asiakasta tyydyttävällä tavalla. Tämä antaa yritykselle etulyöntiaseman, jonka myötä heidän on helpompi pitää asiakas yritykselleen uskollisena.

Teoreettisessa osassa nostan esiin yrityksen palvelukulttuurin tärkeyden sekä hyvän asiakassuhteen rakentamisen tärkeyden. Lisäksi määrittelen laadukkaan palvelu ja laadukkaan palvelun palauttamisen.

Saamissani tuloksissa kuva suomalaisesta palvelusta on positiivinen. Monet vastanneista uskovat, että palvelu Suomessa on parempaa kuin heidän kotimaassaan. He ovat kokeneet huonoa palvelua, mutta ovat vakuuttuneita siitä, että näin voisi tapahtua myös heidän kotimaassaan.

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1. Introduction

Everybody knows the saying “the customer is always right”. Sometimes the received service does not satisfy the customer and that can lead into a disappointed customer. If the customer relationship is defected due to bad service in the perspective of the customer it is still possible to gain satisfaction back through good complaint management and service recovery. As a result trust and customer loyalty can be restored.(Grönroos 2000: 113)

Customer satisfaction has not only the service dimension. It is also influenced by other factors, such as product features, the perception of product and service quality and the price. Also, personal factors such as mood or other people`s opinions have influence on customer satisfaction. (Wilson, A., Zaithamel,A., Bitner, M. & Gremler, D. 2008: 80)

In order for people not to spread a negative word of mouth it is essential to have a good complaint management and service recovery system.

1.1 Research Problem

I have live as a German in Finland for seven years and I have gained a lot of experience in local customer service. Personally I think that Finnish customer service is quicker and better than in my home country. I think the main reason is that Finland is less burocratic, which makes the decision handling faster. My point of view is quite positive, because I have never complained about service in Finland. I am quite happy with it, but I know it is not always that way and therefore I am interested in other foreigners in Vaasa. I chose the idea for my research based on my personal interests. My main research problem is to find out if the handling of complaints differs from country to country and to which extent. Are people satisfied with the reactions they are getting from companies? Do they wish for a different reaction? How big is the influence of cultural behavior in this process?

1.2 Aim of the study

My aim is to examine how other foreigners living in Finland see customer service here. The following questions came to my mind when I was thinking about how to find out about other foreigner impressions on service in Finland.

- How do they see customer service here?
- What kind of experiences have they got?
- Have they complained and what happened after that?
- How did the company treat them? I am also interested if it is similar to service in their home country.

2. Theoretical Study

In the theoretical study of the thesis the focus is on the question why people complain and the influence of cultural differences. The importance of a common business culture is also described. Furthermore service is defined and the impact of service quality is introduced. Complaint management as a tool for customer relationship marketing and guidelines for handling complaints is also studied.

3. Definition of service

There are many different definitions for service. Gummesson (2003: 288) mentions four different properties of service, which are mainly described in order to show the difference between a product and service. First of all service is a intangible thing. It is not possible to physically touch it whereas a product can be touched. Second, service is less standardized than goods. It is not possible to create service as mass production. The third property of service is that service cannot be stored in a warehouse. It is produced right on the spot and cannot be put in a box and used later. As the last characteristic, service is created simultaneity and inseparably, meaning that the customer is an active partner in the process. He or she takes part in producing the service.

Gummesson has dismissed the first three characteristics stating that for example airlines are considered to be intangible service companies. Still there are a lot of factors, which can be actually touched like the airplane or the drinks and food which are served during the flight. In Gummesson`s opinion service can also be standardized, like for example a retail bank offering very standardized service. He claims that service can also be stored, like an ATM machine is a example of a store for standardized cash withdraw service. In his opinion the fourth characteristic is the only clear difference between a product and service, because the customer is involved in the whole process. (Gummesson 2003: 288-289)

Grönroos thinks (2000: 46-47) that most often service requires interaction with the service provider. The interaction with the customer are part of the service. He mentions three different characteristics which determine the difference between a product and a service. The first one is that service is a process which needs a series of activities instead of things. The second criteria is that service is produced and consumed simultaneously. The third criteria is that the customer participates in the service production process.

3.1 Service quality

Service quality consists of five dimensions. The first one is tangibles. This dimension refers to everything the customer experiences in terms of the facilities, the equipment and the material used by the company. Also, the appearance of the service employee is counted into the tangible aspects of service quality. The second dimension is reliability, which means that the company provides the customer the service as promised without any mistakes. The third dimension is responsiveness, which is influenced by the willingness of the staff to help. The fourth dimension is called assurance. It tells how well the service employee is in giving trust and confidence to the customer. Empathy is the fifth dimension. It shows how flexible the service employee is in delivering the service. And also shows how flexible the company is in delivering the service to an individual customer. (Grönroos 2000: 75-76)

3.2 Perceived service quality

It is often considered that the key to success is quality. If the company offers good quality, there is a competitive advantage to its competitors. Quality is often reduced just to the technical aspects of the product due to the fact that service is often an intangible thing. The total perceived quality of the service is the sum of

the expected quality and the experienced quality. (Grönross 2000: 66)

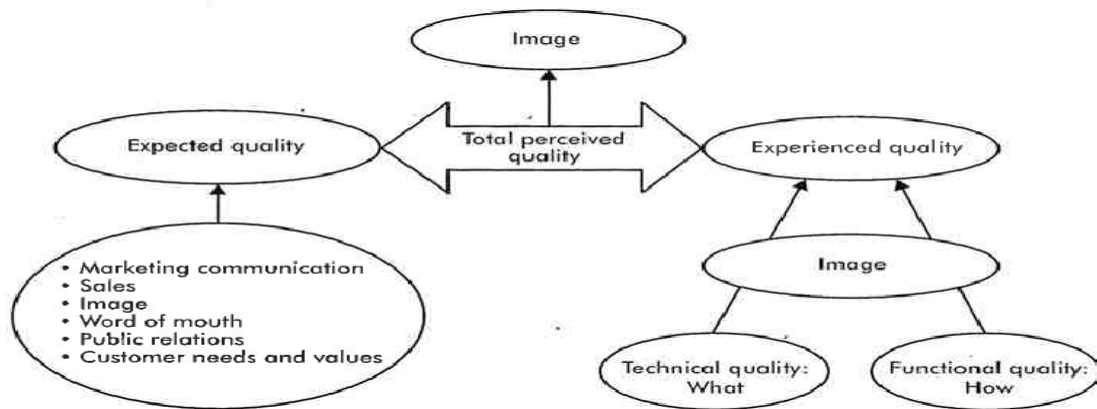


Figure 1. Total Perceived Quality (Grönroos 2000:67)

Marketing communication is controlled by the company whereas the image, word of mouth and public relations can be controlled just to some extent by the company. Also, customer needs and values have an impact on the expectations of the customer. (Grönroos 2000: 67)

Customers experience the service in two dimensions: the what and the how dimensions. The what dimension is that what the customer receives during interaction with the company. It is the technical dimension of the service. This is clearly important to the quality experience. The functional dimension or the how dimension describes how the customer receives the service. When the expected quality meets the experienced quality, the total perceived quality is good and the customer satisfied. (Grönroos 2000: 64)

3.3 Customer satisfaction

Customer satisfaction is influenced by features of a specific product or service, the perception of the product and service quality and the price.

Factors such as consumer emotions and the opinions of friends or family members

can also influence customer satisfaction. Atributions influence the satisfaction as well. When a customer has been surprised by the good or bad outcome of the service, he or she tends to look for the reasons. Fairness and equity also influence customer satisfaction. If the customer feels that he has been treated fairly compared with other customers this will have affect on the satisfaction level, especially in service recovery situations. The word of mouth that the customer receives from family members or friends has also an influence on customer satisfaction.

(Wilson et. al.2008: 81-82)

3.4 Service quality and its relation to customer satisfaction

If you measure the customer satisfaction for a special physical product, a tool for this is needed. A tool measures certain attributes from the key product features. Models for perceived service quality work in a similar way. In order to measure service quality, key service features are analyzed. (Grönroos 2000: 79)

The perceived service quality model is used to measure this key service features. The customer experiences first service quality and after that he or she decides, if he or she is satisfied or dissatisfied. There are seven criteria of good perceived service quality. The first one is professionalism and skills, meaning that the customer realizes that the staff has the necessary skills and knowledge to solve all possible problems. As the second criteria is mentioned attitudes and behavior. This one shows if the staff is concerned about the occurring problems and if the service employees are willing to solve the problem. Accessibility and flexibility is the third criteria. It measures if the customer feels that the service is easy to access in terms of location, working hours, employees and operational systems. As fourth criteria are reliability and trustworthiness. The customer knows that they can rely on everything, that has been agreed or promised. Service recovery is the fifth criteria, meaning that the service provider will take immediate actions if something goes wrong and will find a solution for the customer. The sixth criteria is service cape. It describes the physical environment where the service is

experienced. Seventh and last criteria is reputation and credibility. It reflects the image of the company. (Grönroos 2000: 80-81)

3.5 The impact of service quality on customer behavior

Providing high quality within the service sector in today's high competition environment is very important for the success of the business. During the 1980s managers and researchers were focused on determining what service quality means to the customer. They developed strategies to satisfy customer expectations. In today's business world the focus is more on understanding the impact on profit when delivering service quality. However, to find the link between service quality and profit is not a simple task, because there are also other factors like marketing influencing the profit. (Zeithaml & Berry & Parasuraman 1996: 31)

In the study conducted by Zeithaml, Berry and Parasuraman (1996: 33) the authors focus on the behavioral response to quality service. Their idea was to find evidence that keeping customer loyal is related to service quality. The model describes the behavioral consequences of customers and tells how they have experienced the service quality. It consists the way the customer has experienced the service and how he or she reacts to these experiences as shown in the behavioral intentions box. From that intention the model shows whether the customer will remain with the company or if the relationship is defected. This will lead either to new purchases or even price premiums. This is due to the high customer satisfaction level or on the other hand to losing the customer.

3.6 The influence of employee's behavior on service quality

The way how the customer receives the service, can be influenced by the behavior of the staff as mentioned before. The staff is the link between the external customer and the internal operations. Companies staff has a very important role in understanding and interpreting information which is given by the customer. They

are also referred to as emotional labour, because they need the ability to handle personnel and organizational conflicts. Emotional labour is described as employees who are able to deliver service with courtesy, friendliness, empathy and responsiveness. Even if sometimes customer service staff has a bad day, they have to deliver the service in a professional way because that is very crucial for the reputation of the company. The company needs to understand that it is very important that these people will be trained well in order to fulfill their tasks. (Wilson et. al.2008: 274-278)

4. Keeping customers

Customer and staff have a direct impact on each other and form an integral part of the product. The staff needs to know that they have a very important impact on the customers buying decision. (Kotler 1999: 129)

Today's companies should pay attention that they create profitable customers for a lifetime. Kotler (1999: 129) defines seven stages for the customer development: First time customer, repeat customer, client, advocate, member, partner and part owner.

Before buying a product the first time the customer has developed a special expectation which he got usually from friends, word of mouth, what the company has promised through their commercials or what he got from previous experience with similar purchases. The more the customer is satisfied with the product, the more it is likely that he will buy a product again from the same company. A customer will be a lost customer if he is not satisfied at all with the purchase. Kotler defines the customer in five different levels of satisfaction: highly satisfied, satisfied, indifferent, dissatisfied and very dissatisfied. If the customer is highly satisfied, he will buy again. If the customer is satisfied, there is a high chance that he will buy again. There is still always the risk that the customer will go to another company, if they have the same or equal goods or service. If the customer is indifferent, dissatisfied or even very dissatisfied he will be a lost customer. The

damage these customers can make is researched by the TARP study. The study found out that very dissatisfied customers might tell as many as 11 people about the disappointment and this 11 people will probably tell again to other people. Kotler mentions that customers whose complaints are resolved can become more loyal than customers who were never dissatisfied. 34% of customers whose complaints are resolved will buy from this company again. (Kotler 1999: 130-132)

Some first time customers make an expensive purchase and have the intention of buying much more in the future. There are also first time customers who make a small purchase and do not have the intention of buying again. The company should focus on the customers with expensive purchases and try to make them into repeat customers. It has been noticed that if retained customers are highly satisfied, they will buy more over time. If the customer trusts the company, the customer will buy more over time. They also will more likely spread positive word of mouth for the company. Long term customers will not pay so much attention to the price. Companies who have a high customer retention rate are more profitable. Many companies are treating their long term customers as MVC (Most Valuable Customers) very well e.g. by sending birthday cards or small gifts. (Kotler 1999: 132-134)

Professional firms call their customers clients. The reason for this is that these companies know much about their clients and they are using more time to help and satisfy the clients. Such companies are much more connected to their clients. Through a new tool of database marketing it is now possible for companies to treat their customers as clients as well. These companies show much more interest in their clients. (Kotler 1999: 134-135)

The best advertisement for the company is a satisfied client. Many companies try to create fans instead of just customers. As the word says a fan is really fanatic about the product and he will speak always just the best about the product to other people and to his friends. Friends trust much more what other friends are saying

about a product than they trust commercials. (Kotler 1999: 135)

Some companies view their customers as partners. This is mainly in Business to Business relationships where the one party can ask directly for some improvements of their product so that it can serve the need of another party perfectly. (Kotler 1999: 136)

Part-owner-level is probably the highest level a customer can have. He becomes a stakeholder and is a part owner of the company then. There are some cases where the customers are really the legal owners of a business. (Kotler 1999: 137)

4.1 Customer relationship building

In today's business it is more important to learn how to keep and grow profitable customers than just finding new customers. Due to this fact it becomes really hard to find new customers and it is a very big challenge to convince satisfied customers to switch to another company. It is essential to create loyal customers who will stay with your company. Companies should really focus on satisfying them. Therefore, it is important to train company staff and have a good complaint management system in order to keep as many customers as possible. The question is: how much should a company invest in customer relationships building so that the cost does not extend the gains? Kotler distinguishes five different levels of investments in customer relationship building: basic marketing, reactive marketing, accountable marketing, proactive marketing and partnership marketing. (Kotler 2001: 29)

Basic marketing is just simply selling the product to the customer whereby in reactive marketing the customer is encouraged to ask questions, comments and complaints. In accountable marketing the company follows up the sale and checks if the customer was satisfied and asks for improvement suggestions as well as to specify on disappointments with the product. At the next stage of proactive marketing the company contacts the customer on a regular basis and asks for

suggestions and improvements the customer would like to have. In partnership marketing the customer and the company are working continuously together in order to find ways that both can perform better. (Kotler 2001: 29)

5. Why people complain?

A bad product and a bad service are good reasons to complaint for everyone. It is not unusual that you see some customers complaining at the super market or shops. Companies often try to fix a problem as soon as it occurs. Sometimes you see angry customers, because the solution is not satisfying them. In that case you hear easily “I’ll never go back to this shop”.

The best way to satisfy customers is to deliver your product or service failure free. This is nearly impossible because human beings are involved and a 100% failure free service can never be guaranteed. It is wise for the company to implement a system where it is possible to act quickly and as a result the chance of retaining the customer will be much higher.

A service failure is any service related problem that occurs during the customers experience with the company. Service recovery can be defined as the service providers action when something goes wrong. (Grönroos 2001: 112)

The manager’s role is very important in how he steers his employees. The satisfaction level and the word of mouth which the customer will spread, is more likely to be positive when satisfied service is delivered. If a company creates a failure situation, it is crucial to react immediately otherwise the customer will experience two failures in a row; first the actual failure and then the bad reaction of the company. (Grönroos 2001: 113-114)

It is shown in different observations that customers often do not complain directly to the company where they have received bad service or bad product instead they often change the provider. They can also spread negative word to word communication to other possible customers. It is essential for companies to have a

good complaint management and respond to problems customers are facing very quickly. The few persons who complain directly to the company can be won back when handling their problems quickly and solving the complaint immediately. Due to this fact it is important to teach all the employees handling complaints how to act. (Wilson et. al. 2008: 374-375)

Companies should have in mind that a customer who is complaining is interested in continuing the relationship. Otherwise he would not complain. It is essential to take everything that the customer is saying seriously. It is very likely if you solve the problem immediately that the customer will stay your customer and even spread good word of mouth. Also, the customer relation can get better as it has been before. (Wilson et. al.. 2008: 372)

A customer complaint is also a big opportunity for companies to find out about errors in their product or in the behavior of their service employees and act immediately. This can also save a lot of time and money and the company can become more cost-efficient. A lot of companies react in a wrong way when a customer experiences problems with the product or service. It is not a nice situation when you hear from a customer about the errors you product has. But if you are open minded as a company, the customer can quick be satisfied again and the customer relations can even be better than before. Quite many companies do not understand this point and how essential it is to teach their employees how to react in this kind of a situation. When you lose a customer you lose more then the next sale the company loses the future profit of the customer`s lifetime purchase. (Wilson et. al. 2008: 372-373)

According to the TARP studies the cost of finding new customers is five times higher than keeping current customers happy. The studies show also that it can take up to a few years until a new customer buys as much as the old lost customer. (Kotler 2001: 122)

5.1 Difference between a complaint and a claim

A claim is an expression of dissatisfaction. The reason for that can be a claim or a complaint when the customer is dissatisfied with the product or service. A quick response and solving of the claim can lead to a high customer loyalty. <URL: http://www.marketing.ch/lexikon_detail.asp?id=960>

6. What is culture?

Culture can be seen as a set of elements like beliefs, norms and values which are forming the human behavior. Through culture human behavior is to some extent predictable due to the common rules. Values and beliefs do not change quickly in societies and therefore culture is generally very stable. (Normann 2000: 214)

Culture is a set of elements which apply for certain people almost in the same way like common knowledge, values, laws, manners or all kinds of habits or skills which a human being needs to be a member of society. According to Jean-Claude Usunier and Julie Anne Lee (2005) there are four main elements of culture. The language we learn in the community where we are born and raised influences our world view. Usunier thinks that language influences the way how we select issues or solve problems. The second element is institutions like family or political parties. They link the person to society. In different institutions an individual learns to apply certain common rules. There are seven reasons why people form institutions. Two of these are the natural instincts of the human being to reproduce and claim territory, as people from the same area have common interests. The reason, according to Usunier is physiological factors like age, sex and physical traits. These can be seen as a reason to form an institution. The fourth reason Usunier mentions is the tendency which comes from the nature to join spontaneously together when you have common goals. Also people with the same education or with the same kind of job form their own institutions. Usunier claims that it is in the human nature to form hierarchies, which also forms institutions within society. The political process is one way to form institutions.

(Usunier & Lee 2005: 6-8)

The third element which is mentioned by Usunier is material productions. The constant attempt to newly create or update products, as well as the constant attempt to create intellect via education influences culture. As fourth element he mentions the symbolic productions as element of culture. This can be for example religion or moral beliefs. (Usunier & Lee 2005: 8-9)

Nationality is one possibility to divide people into larger groups of people with a common culture (Usunier & Lee 2005: 10). However I think this is not always the truth due to the fact that for example people with the same nationality do not necessarily share the same language. This can be seen in Finland and especially in Vaasa, where the Finns have two mother languages and two culture-groups.

6.1 The importance of service culture in the company

Culture in an organization guides the daily operational behavior of the whole company. The most important features to develop a common business or service culture is through recruiting the right people. Human resources play an important role in this whole process of building up a common culture within company. (Normann 2000: 215-216)

Critical for the success of a service company is that there is a common way on how the staff behaves inside the company. It is crucial for the company's success that the whole organization is well-structured. Service Culture consists of the values and the beliefs shared by all the members within the organization. Therefore it is very important for a company to figure out what its culture is, decide what it should be and move everyone toward the desired culture. It is the top management's role to find out and to steer the whole company on this path. The management needs to know exactly where the company is now and where the company needs to be in the future. The task is to find out how to reach the desired culture and be aware on what kind of risks this can indicate. Managers need to be

aware that these changes in service culture can only be achieved through employees. (Irons 1995: 46)

If there is no common goal into the company, the company may have a problem of collaboration. It is a big problem especially when the personnel have direct customer contacts. When everyone inside the organization knows the company culture, it can give company a competitive advantage, because everyone has the will to work towards the same goal. One of the reasons, why manager`s face difficulties is that in many companies the main role of the manger is to keep the costs under control and not to achieve a high level of care or service. (Irons 1995: 46)

In a lot of cases the front line staff is the service from the customer`s perspective. Therefore, it is crucial that the front line staff understands its importance to the whole process. The primary image the customer has from the company comes from the interaction with the service employee`s. The service employee`s can therefore directly influence customer satisfaction. (Wilson et. al. 2008: 272-273)

6.2 Cultural differences

By definition of Irons (1995: 65), culture is what has been cultivated. It is the product of many years of continuous history and civilization of people. It is essentially what has grown from the minds and creativity of a group of people that share a common heritage. The cultural differences among individuals arise because of the influences they have been subjected to. This causes different understanding and behavior among people from different parts of the world. In today`s business world, with its global players, this can mean a major challenge for multinational companies. If a company wants to sell its product or service in different parts of the world, they have to be aware of that people can demand other things in other ways.

People often think that other people must have the same values and norms as they themselves do, even if they come from another country or continent. Geert

Hofstede created a model that helps to understand the basic value differences. This study has given a lot of useful explanations of cross cultural differences in consumer behavior and is one of the reason it is seen that the dimensions are independent from each other. Even though the study was made in the late 1960s, later studies have showed that this study is still valid. (de Mooij 2003: 34-37)

Hofstede's model consists of five dimensions: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance and long term orientation. Power Distance describes to which extend the less powerful members of society accept that power is not distributed equally. In countries with high ranking in this dimension it reflects that this is accepted by both the powerful ones and the less powerful ones. Individualism vs. collectivism shows to which extend people of a certain country are integrated in groups. In some cultures everyone just looks out for himself or just for his nearest family whereby in other cultures an individual is born into a group and it is very logical for the people to be very loyal to this group. In a dimension called masculinity vs. femininity the main values at a masculine society are success and achievement whereby in a feminine society the main values are caring for others and quality of life. This shows that countries which get low points in the masculine index are more service oriented. Uncertainty avoidance measures the extent of how people feel threatened by uncertainty and ambiguity. In countries with high points on this index there is a high need for structure and rules in life. People are more process oriented than result oriented. In a category called Long Term Orientation the difference between long term orientation and short term orientation is analyzed. In countries with high points on long term orientation it is more likely that people accept changes more easily and saving for the future has an important role whereby in short term orientation it is more important to spent money that you have now than to think about the future. (de Mooij 2003: 34-37)

7. Complaint management as part of CRM

Complaint management is a part of the Customer Relationship Marketing concept. The goal is the long term binding of the customer and for the customer it is the added value that he can gain from this relationship. In order to reach this goals it is essential to see all the activities like marketing, distribution and service through the customer perspective. Complaint management has an important role in the CRM area of customer service. It has the role of customer care. In the best case the quality is always high and failures should not occur but there can be several reasons why failures might happen like employee`s mistakes, system break downs and also other customer`s in the service process may cause problems for other customers. This might lead to the desired level of customer satisfaction not being reached. It does not matter what is the reason for the failure. The main point is that the company immediately takes action to try to solve this problems and correct the mistakes made. Otherwise the customer will feel that he has received bad quality and there is a risk of losing this customer for future business. It is also important to do this in a quick way and very carefully so that no other mistakes occur in the process. It has a positive impact on developing a trusting relationship when a mistake is corrected in a quick manner. Nowadays the business world seems to be an internal efficiency, meaning keeping costs low and just compensating customers when there is no other possibility to avoid legal procedures. This seems to be the standard answer. (Grönroos 2000: 112-114)

In service recovery external efficiency is the main key. The service recovery process identifies service failures and effectively resolves customer problems. It finds the root causes and solves with this gained data the problem and improves it for the future. The problems which occur can be caused by a service failure which has two dimensions the actual factual problem and an emotional problem, meaning that the customer can be frustrated due to experiences. Service recovery has to be managed very carefully and with special trained staff who can handle such situations. (Grönroos 2000: 114)

7.1 Guidelines for handling complaints

When a customer experience bad service and becomes dissatisfied, there are the following three options. First, a customer can exit the relationship and make future business with a competitor of the company the second possibility is to demand compensation or correction. In the third possibility the customer stays loyal after experiencing bad service. This might be due to the fact that there is a lack of competition on the market or ideological reasons. (Gummesson 2003: 87)

A high level of satisfaction will increase the possibility that the customer will stay loyal even if there is a better offer from a competitor. The customer knows what he is getting and satisfaction can create an emotional affinity. (Kotler 1997: 40)

According to Grönroos (2000: 114-116) service recovery offers a service oriented approach, unlike traditional complaint management. Grönroos has developed some guidelines for this process. First of all the company has the responsibility to find service mistakes. The customer just has to inform the company he is not the one to solve this. It should be as easy as possible for the customer to complain. Therefore the whole process should be as little bureaucratic as possible. There should be only written complaints when it is legally required. The company should have the initiative meaning even if the complaint cannot be fixed that easily the company should keep the customer up to date all the time, so that the customer does not have to ask what is happening with the complaint. According to Grönroos it is essential to handle complaints in a quick way. The company should compensate the customer directly. A lost customer can easily spread negative word of mouth. There are also some cases, where the customer cannot be compensated, because the mistake was the customer's own fault. But it's reasonable to compensate the customer, if it is a long term, even though the company has no fault.

Emotional reactions like anger or frustrating have to be dealt with the customer first. It is very crucial that the company takes the customer seriously. It is also very important to apologize. The service recovery system should be well developed. Therefore, it is crucial that the staff is well trained and is empowered to handle the problem immediately. (Gönroos 2000: 115)

7.2 Service recovery system

Service recovery is a strategy for managing problems in the customer relationship. This applies to all possible types of organization. Service recovery offers a service oriented approach. Grönroos has listed guidelines for a successful service recovery process. In his approach it is the organization's responsibility to find out all possible quality problems or mistakes. Grönroos claims that it is essential for a company to develop a recovery system and he has created guidelines to develop such a system. A company should always keep in mind how much failures and mistakes cost in the long run. Customers who are dissatisfied will probably not buy again their product or service and the company has to find new customers instead. These customers will probably spread negative word of mouth, which can damage the image of the company. (Grönroos 2000: 116)

Many customers never complain when they are dissatisfied, they just exit the relationship and buy the product from somewhere else. It is a hard process to get problem information from these people, therefore it must be made as easy as possible to complain. Therefore the staff who is in direct contact with the customers, must be very well trained to detect this problems. The staff needs to be very polite and show much respect to the customer. Grönroos states that mistakes and failures can happen anywhere where humans are involved, but in his opinion it is possible to minimize the risk by carefully analyzing the service process. (Grönroos 2000: 117)

Dissatisfied customers spread negative word of mouth more likely than satisfied customers. Quick reactions from the company is essential in order to minimize the

effects of negative word of mouth. As mentioned before the staff plays a crucial role in this process. They need to understand their important role, because they are the first ones in line. Good training is required for those people. It is not enough to just train the staff, it is also essential that these people have the power inside the organization to act quickly. The customer should be informed about progress of his complaint, if it is not possible to compensate him right on the spot. Companies should have a system to avoid all kinds of mistakes that have happened in the past. (Grönross 2000: 117-118) I think it is the same as with my little daughter who cannot speak yet. She has to learn that the oven is hot, so she must touch it once to learn from this experience. After that she knows that this was not a good idea and it should be avoided in the future.

If the company has an effective service recovery concept, it can help to improve customer satisfaction. When the company has learned from its previous mistakes, it is more likely that things will be done correctly in the future. This will help the company to reduce the costs of failure and will increase customer satisfaction. (Wilson et. al. 2008: 371)

It can also be seen as a paradox that customers who have experienced a very good service recovery, can become very satisfied customers. Wilson claims that it might be a good idea to "screw up a little". But the company must be aware that there is a high risk that not all dissatisfied customers actually complain. (Wilson et. al. 2008: 372)

There are four different types of complainers the passive ones, who are most likely not taking any action. Such customers will neither complain to the company nor will they spread negative word of mouth. The so called voicers are actively complaining to the company, but they will not spread negative word of mouth or change their service provider. Irates are the next group. These people will spread a negative word of mouth and are less likely to give the service provider a second chance. The last type of the complainers is the activists. These customers will complaint to the company, will spread negative word of mouth and are also more

likely to complain to third parties. (Wilson et. al. 2008: 375-377

8. Empirical study

In the empirical part of the study I will introduce the group, which I have interviewed. The group consists of foreigners who live in the city of Vaasa and its surroundings or have been living there in the past years. This is a view of the customer service in Vaasa in a context of foreigners. An analysis will follow and it shows the main content of the interviews. In the end of the study I will describe the findings of the research.

The study holds a qualitative research approach. I think that in this research data the answers are valid and the answerers have been well chosen. The analysis was done based on a content analysis method. The questionnaire is based on the interest to find out if there is a relation between cultural differences and the way people complain. The interest was also to find out if there is a difference in the reactions of the staff in two different countries.

9. Marketing Research

Marketing research is a essential tool for collecting market information. This can be very valuable for a company. Companies use market research in many different situations. It can give results for the market potential for understanding the customer needs and buying behavior in order to achieve customer satisfaction. (Kotler, Amstrong, 2004: 147)

The market research needs to be objective and neutral from the side of the researcher. It is crucial that the researchers own opinions and values do not influence the research. This can be tested, for instance, when a second interviewer is used and the results can be compared. The investment a company makes into this research should be reasonable and not too much money and resources should be spent. It is ,of course, hard to determine what is too much. The results should be taken in use when they are up to date. That is the only way that they can support the decision making inside a company. Also, for strategic planning this is essential. (Lahtinen, Isoviita: 1998: 26)

9.1 Different types of marketing research design

After the definition of the research problem the research design must be chosen. There are three different possibilities of a research design: exploratory, descriptive and causal. Exploratory research design aims to gather preliminary information which can be later on used in defining the problem and help to find the hypotheses. The way of collecting the data is usually done in an unstructured and informal way. In descriptive marketing research the marketing problems, situations or markets are described. It answers the questions who, what, why and how. The descriptive research method can describe customers attitudes, behavior and also the behavior of the competitors. In causal research design the research determines which factors are actually causing the problem. The design tests hypotheses about cause and effect relationships. (Kotler, Armstrong, 2004: 148)

9.2 Primary vs. secondary research data

There are two types of information in a market research. Primary data and secondary data. Primary data is original data collected for a specific purpose, whereby secondary data already exists. It was already gathered by external sources such as books, newspapers, magazines, research articles, the internet and other media sources. Secondary data can help to identify the problem more quickly because the data already exists. The only problem seen is that the reliability of the information is hard to prove. Also the accuracy and integrity may be hard to prove. (Kotler, Armstrong, 2004: 149)

Primary data is data which is collected for the specific research. There are a lot of different ways of collecting this data such as surveys, interviews or questionnaires. It is more time consuming and of course also more expensive to collect primary data but on the other hand it is more reliable. (Kotler, Armstrong, 2004: 149)

9.3 Qualitative research method vs. quantitative research method

Qualitative researchers believe that human beings are conscious of their own behavior. Qualitative methods like unstructured interview give access to people individual opinions. The qualitative researcher is not interested in the objective truth he or she is more interested on how the individual perceives the truth. So basically the researcher wants more to understand than to measure. (Burns 2000: 388)

In qualitative research the general methods of data gathering are participant observations and unstructured interviews. Analytic induction and theoretical sampling are important parts of it. Due to these two processes it is possible for the researcher to construct, elaborate and test hypotheses during the study. This makes it possible for the researcher to focus more closely on specific behavior. (Burns 2000: 388-389)

In quantitative research the researcher tries to isolate and define variables or variable categories. Then this variables need to be linked together to form a hypotheses. This is often done before the data is collected. After this the data has to be tested to see that it is reliable and valid. In a quantitative approach the instrument is a pre-determined technological tool, which does not allow much flexibility. (Brannen 1992: 4-5)

9.4 Content Analysis

A content analysis is used in order to identify meaning, concepts and themes.

The findings of this analysis style can be counted numerically or interpreted for meaning. However, there is then the problem of understanding the meaning. There is always the risk of reading between the lines and it is never sure that researcher`s interpretation is really the answerer`s opinion. It would be better, if the analysis was focused on why certain areas were chosen. The theory emerges

from the data of the content analysis and it might be helpful if the researcher goes into this situation without any theoretical knowledge. (Burns 2000: 432-433)

In this study the analysis was based on content analysis method. In the analysis I am interpreting the meaning from the answers of the interview`s. I have tried to find the real meaning from the answers, but I cannot guarantee it was the right one.

The biggest strength of content analysis is that the coding can be done later. The hypotheses can be done later and data retrieved does not have to be forced into some theoretical framework. (Burns 2000: 434) In the research content analysis was used. It was a good decision, because it is not possible to predict what the interviewees are going to tell.

9.5 Structure of the questionnaire

The questionnaire was made in order to find out if there is a relation between cultural differences and the way people complain. Furthermore I wanted to analyze, if there is a difference in the reaction of the staff in Finland compared to the respondent's home country.

In the beginning of the questionnaire (Appendix 1) I calculated the average age and gender of the respondents. The second question determined how long the person had been living in Finland and if they had experienced bad service during that time. After this I wanted to find out if they have complaint at the time they have received bad service. The next step was to find out how the person felt about the reaction of the company: did they feel that the company understood their problem? With this I was able to determine if the respondents were satisfied with the feedback of the company or if the relation to the company was defected. The aim of the last question was to find out, if the perception of the service in their home country differs from the one received in Finland.

9.6 Sampling

Some basic sampling principles can belong to a qualitative approach. In the quantitative research the researcher tries to collect large amounts of data, whereby in the qualitative research the researcher just tries to give a picture of the whole. The qualitative researcher gives description of the context of the given sample. In qualitative sampling the researcher tries to retrieve enough evidence that this research can be transferred to other situations. It must be clearly understood what purpose the research should give.

<URL: http://findarticles.com/p/articles/mi_m0FSL/is_2_73/ai_70871448/>

9.7 The Group

I made an interview via Internet with 18 persons. (Appendix 1) In order to find enough people to answer my questions I used my social network sites like Facebook. I spoke to many foreigners who I knew personally. They gave me names and e-mail addresses from the people who they know and who are living in Finland as a foreigner. I gathered my material to this survey via Facebook, e-mail and face-to-face contact.

I gathered the responses to my questions from 18 people within two weeks in April 2011. Ten of the respondents are females and eight of them are males. The average age is 33,05 years and they have been living in average 6,8 years in Finland. They come from 12 different countries; seven of them are European citizens, two of them come from African countries, seven are from Asian countries and one is from Turkey.

10. Analysis

The study was made by using qualitative research methods. For the analysis content analysis was used.

Two of the respondents have never experienced bad service in Finland. One of them comes from an Asian country and has been living in Finland two years, the other one is European and has been living in Finland already for six and a half years. Both of them are females.

Five persons who told they have got bad service in Finland, told about their experiences related to restaurants or cafeterias. One of them told about the waitress having a bad day.

“Yes, at a cafeteria. I asked for a sandwich and the lady there was not so nice she brought it and threw it on the table and it was not even what I had asked for...when I talked to her about it, she answered very rude....” Female, 27 years.

The other ones had had some problems in getting their orders right or in time. One of the respondents described a situation, where there were some problems with the bonus-card.

“Yes, we went to restaurant (name dismissed) and they didn't give the discount they were suppose to give, because the lady forgot to slide the bonus card before the bank card and she couldn't cancel it.” Male, 35 years.

Four persons told about their bad experience connected to service from the municipality or the government. One of them told about a rude behavior at the employment office. Other one had a bad experience with the municipality office

when he was building his house. Finnish health care system got some criticism.

“Cannot make appointment with Health Care center or hospital at the time that I want to see the doctor. Even when kids are sick during the evening we need to go to Emergency and wait hours to see doctor on the next day. In my home country, there are many hospitals and doctors so this kind of situation does not happen. In Korea, hospital is a service provider, but in Finland, hospital seems to be a charity organization or government organization.” Female, 38 years.

A man from the Netherlands had experienced bad and very slow service from the city. He thinks the same kind of situation would have been handled with more care in his home country.

“I have reported to the city commune by e-mail about the oil contamination in the ditch behind our house firstly in 2007. One guy came with tractor and had a look, and nothing happened thereafter. This oil is still contaminating the environment and now we are 2011. And it was so bad this year thus reported it again by e-mail and attached all the correspondence from 2007 again plus new pictures from this year. No reply was received on the email for two weeks.” Male, 46 years.

Finnish service does not have to be bad. One person said that the service in Finland is the same as in her home country. She thinks that it depends on the individual and company's policy rather than the country. A male answerer prefers Finnish service to service in his homeland.

“We can't compare customer service with my country, because of the cultural, educational diversity, I wouldn't get the same treat as in Finland, but before purchasing, I will check immediately. In my

country once you closed deal then to get complain processed is exhausting process.” Male, 37 years.

10.1 About complaining

Five persons expressed that they have never complaint about bad service in Finland. Eight persons felt that the company took their complaint seriously and did the best they could to resolve it. They also gave some credit to the staff. Despite this six persons felt that the company did not understand their problem and it was not solved.

“I thought that their treatment was fair, but not too concerned. I had to make two calls before handing in an official complaint. It felt like they did not really try their best although I was inconvenienced quite unfairly. “ Male, 27 years.

In four person`s opinion the reason why the service provided in Finland is not as good as in their home country is due to the fact that there is not so much competition in Finland. As a result people do not have the possibility of getting the same service from another company. The companies are not forced to offer better service, because of the lack of alternative. It was also mentioned several times that the word of mouth has more influence in their home countries and people who are working in the service sector therefore act more carefully with customers.

“I think in Japan, there are many shops and companies so it is very competitive situation. Naturally, it is important to get customers as many as possible. If the bad service is happened in Japan, they never buy products from that shop or get apologize from the shop. Thus, shops want to treat well for customers. Customers are stronger than shops. Sometimes we say, shops think the customer is always right. However, in Finland, there is quite a little shop. Thus,

although service is bad, people have to go and buy products anyway. Shops are stronger than customers. Therefore, if it would be happened the bad service for me in Finland, I have to accept it even though I am not satisfied with it.” Female, 28 years.

Also in Europe the competition seems to influence the reaction after customers complain.

“Of course it happened in Germany as well that I have received a bad service once in a while but when having had a complaint I think that German companies care a bit more compared to Finnish companies since the competition in Germany is higher than in Finland and therefore it is an absolute necessity to perform well in order to keep their existing customers.” Female, 35 years.

In some countries you make bad service public.

“I would have made it public, using social network and the Internet media, which is well-developed and apt to Korean people who usually want to see the fastest result. It is one of the most efficient ways of giving pressure to the companies or government officials who offer poor service or have ‘evil’ attitude. Not always, but many times it works as it should. Here in Finland, however, people tend to slowly react with much more consideration.” Male, 39 years.

In four cases people were referring to bad service, which they have received from a municipality or a government agency. It is clear that in these cases there is no competitor on the market and there is no other choice than to take the service from this provider. Four persons think that the Finnish service is better than the service in their home country, four persons have the opposite opinion.

One person expressed that the service is not flexible enough in Finland. He thinks there is no way to change. Six answerers had experienced slow and not professional service, one of them had occurred in a electric appliance shop.

“I was in a shop and I wanted to ask where the metal product. Although one staff was standing in their info place, he did not want to help me. He revolted from me all the time. Thus, I had to wait for other staff to come. Then, I could ask from that other staff. But, it took quite long time.” Female 28, years.

General attitude in Finnish service also got compliments.

“I think the main difference would be the attitude towards customer between two countries. In Turkey, companies often take up a defensive attitude and try to put the blame on the customer or some other external agent. And the rules are often violated arbitrarily in two extremes, depending on who you talk to and how. They might bend the rules one way to help you, or other way to make things harder. On the contrary, I see that general attitude in Finland is to help the customer resolve their problems in the constraints of the company policy. However, in Finland I haven’t witnessed anyone bending the rules to help a customer even if you can say that they might have deserved it.” Male, 27 years.

The expectations from some respondents were also high, because of their own profession.

“I generally think that service provided in Finland is not that good. But on the other hand I might be a difficult customer since I have been working within service required environment for many years and I am quite demanding concerning my high expectations.” Female, 35 years.

Seven persons stated that the company did not react to their complaining. Some of the respondents were still happy about the treatment after their complaint.

“I was treated fairly. They understood my complaint and found it reasonable. There wasn’t argument at all.” Male, 37 years.

The expectations after complaining were different. Two of the answerers were unhappy because the compensation was not enough. One male told me he felt he was not taken seriously and he did not get appropriate feedback on his complaint. Three of the answerers were pleased with an apology. Other two persons said they had expected new products and gifts. Anyhow, the compensation was not always enough.

“I thought that their treatment was fair, but not too concerned. I had to make two calls before handing in an official complaint. It felt like they did not really try their best although I was inconvenienced quite unfairly. In the end they delayed my payments for the same duration of the problem. However I was convinced that I deserved a month of free service or some other kind of redress for my troubles.”
Male, 27 years.

Language was seen as a barrier. One of the answerers said he had a reaction from the city to his problem only, when a Finnish speaking friend of him got involved. Also in employment office the language barrier can be a problem.

“General service of employment office was fine, finally I got a place in language course and that was important for me. But every time when I was visit Ms X, she was the same. I'm just suprise that person is working with foreingers. I didn't complain, because it was my first month in Finland. I didn't speak Finnish and this person didn't speak English.” Female, 37 years.

One person had a wish: a box or a place for official complaints would be nice. That way it would be easier to get feedback from the company.

10.2 Reliability and validity

In order to know if the researcher can trust the information which he has gathered he or she needs to know if the information is reliable and valid. One possible approach is to ask yourself the question, if the answer received would be the same also on another day or it is dependent on the person's mood of the day. A second approach would be to ask if the answer received is accurate and as third approach the researcher needs to know is how much error there is in the measuring instruments. Reliability shows, if a similar research would give the same test results. (Burns 2000: 336-337)

Validity shows if the research measures what it was supposed to measure. In order to have a high possibility of reaching that goal it is crucial that the right respondents are chosen. (Lotti, 1998: 33) It is possible to divide validity into different types.

Internal validity deals with the question if a theoretical concept and a specific measuring tool work together. Does the research really measure the theoretical construct?

External validity deals with the question to which extend the results can be generalized and used beyond the present study.

<URL: [http://en.wikipedia.org/wiki/Validity_\(statistics\)](http://en.wikipedia.org/wiki/Validity_(statistics))>

I think that in this research data the answers are valid and they would be the same on the next day, too. Some of the answerers gave me quite detailed answers and I believe these people gave me quite accurate answers. On the other hand all the answers were not that detailed, but I still think they were all honest. Therefore, I think the research could be repeated in Vaasa or in another town.

11. Conclusions

The research gave an overview on how people from different cultural backgrounds have experienced service in Finland. The overall picture of the service in Finland was good, whereas some people find that Finland is not a service oriented country like their home country.

All in all it depends a lot on the staff of the company. It does not matter in which country you are consuming the service and from which country the service staff is. It is about how these employees react to your problem.

The answers can also be related to the mood of the respondents and this can influence the way, what kind of response they will give. For example, if they have recently had a bad experience with a service in Finland, they might forget about the fact that this could also happen in their home country in a similar way. Instead they will glorify the service they are getting in their home country, even though they might face the same problem there.

In the research group the problems with the service were related to restaurants or cafeterias, electronic appliances, the municipality office, the government or the city, employment office and to the Finnish health care system. Two respondent`s stated that they had never experienced bad service in Finland. It was also said that the the service in Finland is the same as in the respondents home country. On respondent told Finnish service is better than in his homeland.

In the context of complaining most of the answerers were happy about the reaction of the company or have never complained. The staff got credit for their behavior and eight people were happy with the way the problem was resolved. Only six persons of 18 told that they felt like their problem wasn't understood or taken seriously.

For the companies one of the most important thing mentioned was the word of mouth, which has a lot of power. In other countries the word of mouth is taken more seriously than in Finland and the service staff has to act more carefully. In some countries bad service is made public. In a municipality or government agency there is clearly no competition because of the monopoly situation of the Finnish society.

The lack of competition in Finland was viewed as a main reason for the bad service. Finnish service is also described as not flexible, slow and unprofessional. Seven persons stated that the company did not give a reaction at all about their complaint. Some of the respondents gave their opinions as a professional staff of service themselves. In these cases their expectations were high. In other cases there were differences between the expectations. A few of the answerers were dissatisfied because of the compensation or inappropriate feedback from the company. Some of them felt they had enough compensation if the company had apologized about the bad service. Still some of the answerers gave credit for the general attitude of service in Finland. Some of the answerers were very happy about the treatment after their complaint. The Service quality was also seen as a individual property or related to the company's policy, not as a cultural property.

One of the biggest barriers seen was the language. There were some problems with the city or with the employment office. It is worth noting that both of them are not private companies. In my study there is a very important message for the service in companies. It is important that the customer can complain easily and the way to give feedback should be simple.

12.Recommendations

As a result of this research I could say that Finnish companies should pay

attention with the following points to improve their process in complaint situations. One of the biggest problems was the language people thought that they could not get proper service in at least in English. This is ,of course, not so easy to achieve for the companies because you need to hire people with the right skills of language. In Vaasa, for example, you need already service staff which is capable of speaking two languages Finish and Swedish. Another outcome was that the companies should focus on training their staff in becoming more service oriented. Also the word of mouth should be taken more seriously by the Finnish companies. Sometimes it was seen that the service in Finland is not flexible enough and to slow. Companies should strive to take measurements that this will improve in the future. A proper way of giving compensation was also suggested. Sometimes it is enough to just apologize. People were also feeling that in some cases it is not so easy to complain here in Finland. They suggested that there should be a clear instruction where they can complain.

13.Afterword

It was a long process for me to write this thesis due to different reasons. The main problem which I had, was to get started. At the beginning my plan was to conduct the research by interviewing a multinational company as a case study. It would have taken too much time to get any responses partly due to my own fault. After deciding to use an unstructured interview for my research, the process of writing the thesis got finally started. When getting the data from the questionnaire I was very motivated and could finally move forward. As last sentence I would like to say that it is a hard process to finish a thesis and that it is really important to keep on focusing.

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Appendix 1

Questions for the interviews

Name:

Age:

Nationality:

How long are you living in Finland?

Have you ever experienced bad service in Finland? tell what happened

If yes what happened when you complaint?

How did the company treat you? Did you feel that the company understood your problem and did they solve the problem?

What would have happened if you would get the same bad service in your home country and what are the differences between the reactions in Finland and your home country?

Thank you very much.